

June 3, 2004

MEMORANDUM

TO: Dalton Floyd, Jr. Chairman, and Members
Commission on Higher Education

FROM: Ms. Sue Cole, Chair
Access& Equity and Student Services Committee

**Consideration of Proposed FY 2004-2005
Administrative Budget
SC Teachers Loan Program**

Summary

The General Assembly established the South Carolina State Education Assistance Authority in 1971, empowering it to provide financial assistance to students through insuring and guaranteeing student loans to South Carolina residents. The Authority is a public instrumentality of the State of South Carolina and is governed by its members, who are by state statute, members of the State Budget and Control Board.

In providing such financial assistance, the Authority has acted through its contractual agent, the South Carolina Student Loan Corporation, a private, non-profit corporation headed by its own Board of Directors. In 1973, the Corporation was incorporated for the purpose of acting as the agent of the Authority in performing the functions of making, handling, servicing and providing information about student loans.

In June 1984, the General Assembly designated the Student Loan Corporation as administrator of the South Carolina Teachers Loan Program, a program established by the Education Improvement Act (EIA) of 1984 to assist students who wished to become certified teachers in the state in geographic or subject areas of critical need. These loans, first offered to qualified students in 1985, may be canceled at a rate of 20 percent per year for each full year of teaching in a critical area in South Carolina.

The General Assembly authorized the Commission on Higher Education to establish regulations to govern the SC Teachers Loan Program. The regulations charge the Commission with two primary responsibilities: 1) approval of the Student Loan Corporation's annual operating budget associated with administering the Teachers Loan Program; and 2) approval of the appropriation request for loans distributed through the Teachers Loan Program.

The following table presents information on the previous year's budget request and the Student Loan Corporation's proposed FY 2004-05 operating budget for administration of the Teachers Loan Program.

Item	FY 03-04 Budgeted	Estimated Actual	FY 04-05 Proposed	% Budget Change
Personnel (salaries/fringes)	\$289,125	\$286,500	\$312,875	+9.2%
Contractual Services (computer support/ programming)	24,575	24,225	27,825	+14.8%
Other Operating (rent, utilities, etc.)	48,900	49,405	51,675	+4.6%
Equipment	0	0	0	0
TOTAL	\$362,600	\$360,130	\$392,375	+8.9% Overall

The first two columns in the table display the budgeted and estimated expenditures for FY 2003-04. The third column, totaling \$392,375, is the Student Loan Corporation's administrative budget request for FY 2004-05, as approved by the Corporation's Board of Directors on May 4, 2004. The total amount requested, \$392,375, is 8.9% (\$32,245) more than last year's request.

The increase is primarily attributed to increased group insurance costs under the Personnel budget category. This increase for FY 2004-05 is \$26,375. The increased cost of health care (Group Insurance) is determined by the State Budget and Control Board. Small increases under other budget categories - Contractual Services (\$3,600 increase) and Other Operating (\$2,270 increase) - result from increased costs in computer support services and operational costs.

Recommendation:

The Access and Equity and Student Services Committee recommends that the proposed budget for administration of the Teachers Loan Program from the SC Student Loan Corporation be approved as presented.

CHE Meeting
6/3/04
Agenda Item 4.03A